

# **EXHIBIT 416**

to the Declaration of  
Lisa J. Cisneros in Support of  
Plaintiffs' Opposition Briefs

**REDACTED VERSION**

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13 Adobe Systems Inc.

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UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA, SAN JOSE DIVISION

IN RE: HIGH-TECH EMPLOYEE  
ANTITRUST LITIGATION

THIS DOCUMENT RELATES TO:  
ALL ACTIONS

Master Docket No. 11-CV-2509-LHK

**DECLARATION OF DONNA  
MORRIS OF ADOBE SYSTEMS INC.  
IN SUPPORT OF DEFENDANTS'  
OPPOSITION TO PLAINTIFFS'  
MOTION FOR CLASS  
CERTIFICATION**

Date Consolidated Amended Compl. Filed:  
September 13, 2011

ATTORNEYS EYES ONLY

EXHIBIT 416

Deponent Murphy  
Date 12-3-12

Gina V. Carbone, CSR

416.1

Morris Declaration  
Master Docket No. 11-CV-2509-LHK

1 I, Donna Morris, declare as follows:

2 1. I am the Senior Vice President (“SVP”) of Global Human Resources at Adobe  
 3 Systems Inc. (“Adobe”). I have been employed by Adobe in the human resources (“HR”)  
 4 department for more than 10 years. I began working for Adobe in April 2002 as the Senior  
 5 Director of Global Talent. In December 2005, I became the Vice President of Global Human  
 6 Resource Operations. In March 2007, I was promoted to my current position.

7 2. I have personal knowledge of the matters stated in this declaration. I make the  
 8 statements in this declaration based on information gained during my current and former positions  
 9 within Adobe’s HR department. I have been responsible for all HR operations, including the  
 10 compensation, benefits, and recruiting teams since March 2007. As part of my duties, I have  
 11 gained historical knowledge of Adobe’s compensation practices before 2007 by reviewing  
 12 Adobe’s past training and presentation materials and by participating in meetings and discussions  
 13 with other Adobe employees. The compensation policies and practices described herein apply to  
 14 Adobe’s salaried employees between January 1, 2005 and December 31, 2009 (the “Class  
 15 Period”).

16 3. The information in this declaration and the exhibits attached are confidential to  
 17 Adobe. It is Adobe’s practice to keep compensation policies and strategies confidential, for  
 18 internal use only, and not to disclose them to the public. The public disclosure of this information  
 19 would harm Adobe, including potentially impairing its competitive position in recruiting, hiring,  
 20 and compensating employees. Adobe derives independent economic value from keeping this  
 21 information confidential. Adobe has designated the information Attorneys Eyes Only under the  
 22 Protective Order entered in this case.

23 4. During the Class Period, Adobe employed thousands of employees in more than  
 24 400 job categories, including executives, human resource managers, compensation analysts,  
 25 benefits managers, payroll managers, recruiters, attorneys, accountants, sales managers, product  
 26 managers, various types of software developers, quality assurance analysts, IT employees,  
 27 creative designers, web developers, facility managers, market research analysts, financial  
 28 analysts, business analysts, internal auditors, and various other jobs. [REDACTED]

1

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

5

**I. ADOBE'S COMPENSATION GENERALLY**

6

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

7

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

8

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

9

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

10

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

11

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ATTORNEYS EYES ONLY

1 [REDACTED]  
2 [REDACTED]  
3 [REDACTED]  
4 [REDACTED]  
5 [REDACTED] As examples, attached hereto as Exhibits 1 through 5 are true  
6 and correct copies of internal Adobe manager training presentations during the Class Period  
7 discussing Adobe's compensation policy:

8 a. Exhibit 1 (ADOBE\_015864), Adobe 2005 Performance, Salary & Stock  
9 Focal, February 2005 – “We fairly and regularly assess performance results and differentiate  
10 rewards based on performance”;

11 b. Exhibit 2 (ADOBE\_023747), 2007 Mini Performance Focal Manager  
12 Training, November & December 2006 – [REDACTED]  
13 [REDACTED]  
14 [REDACTED]

15 c. Exhibit 3 (ADOBE\_015059) FY '07 Incentive Program Updates, February  
16 15, 2007 – “differentiate rewards based on performance”;

17 d. Exhibit 4 (ADOBE\_009668) HR All Hands, September 11, 2008 –  
18 “Developing total reward programs that are differentiated based on performance”; “increasing  
19 focus on differentiation of rewards based on performance”; and

20 e. Exhibit 5 (ADOBE\_009295) HR Strategic Plan 2010 – 2013, “Continue to  
21 evolve culture towards pay for performance.”

22 **II. HOW ADOBE SETS COMPENSATION FOR EXISTING EMPLOYEES**

23 9. Because of Adobe's strong emphasis on tying compensation to performance and  
24 differentiating compensation across employees, each employee's compensation was determined  
25 by that employee's manager who is in the best position to assess that employee's performance.

26 **A. BASE SALARY**

27 **1. Performance Evaluations**

A black and white image showing a series of horizontal black bars of varying lengths. The bars are arranged in a grid-like pattern. On the far left, there is a vertical column of small black squares. The bars are mostly black, with some white space between them. The lengths of the bars vary, with some being very long and others very short. The overall pattern is a grid of horizontal bars with a vertical column of squares on the left.

**ATTORNEYS EYES ONLY**

**ATTORNEYS EYES ONLY**

13 [REDACTED]  
14 [REDACTED] Adobe's compensation team built the salary ranges for  
15 each job code for the coming year by setting the mid-point of the salary range at a certain  
16 percentile of the survey data, then setting a maximum and a minimum. The target midpoint has  
17 changed over the years and varied across job functions. For example, the 2005 target midpoint  
18 for various jobs is set forth in Exhibit 1 (ADOBEST\_015864), which is a true and correct copy of  
19 Adobe's 2005 Performance, Salary & Stock Focal. The maximum and minimum of the salary  
20 range was then calculated by applying a spread, which also varied over the years and across job  
21 levels. The spread varied between 50% to around 70% for different job levels during the Class  
22 Period. After the salary ranges were set, they were loaded onto the internal salary website for  
23 access by all managers in the company.

24 [REDACTED]  
25 [REDACTED]  
26 [REDACTED]  
27 //  
28 //

2           22. Each year, Adobe determined a budget for managers to use for merit-based salary  
3 increases and promotions. The budget has varied over the years; for example, it was 5% for 2005  
4 and 5.5% for 2008. See, for example, Exhibit 1, which is a true and correct copy of the 2005  
5 Focal Review (ADOBE 015864). [REDACTED]

## 9 B. BONUS AND EQUITY

## **C. TIMING OF ANNUAL COMPENSATION ADJUSTMENTS**

28 27. Generally, adjustments to employee compensation occurred during the focal

1 period described above. Prior to 2007, the annual base salary, bonus, and equity grant  
2 adjustments became effective June 1<sup>st</sup>. In 2007, Adobe shifted its model to align the review  
3 period with the end of the fiscal year, making the annual salary, bonus, and equity grant  
4 adjustments effective on February 1<sup>st</sup>.

**ATTORNEYS EYES ONLY**

8 [REDACTED]

9 [REDACTED]

III. NEW HIRE COMPENSATION

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

15 [REDACTED]

IV. INTERNAL EQUITY

16 [REDACTED]

17 [REDACTED]

18 [REDACTED]

19 [REDACTED]

20 [REDACTED]

21 [REDACTED]

22 [REDACTED]

23 [REDACTED]

24 [REDACTED]

25 [REDACTED]

**ATTORNEYS EYES ONLY**

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6 **V. MERGERS AND ACQUISITIONS**

7 35. In December of 2005, Adobe acquired San Francisco-based Macromedia, a  
8 leading software solutions company. The acquisition added approximately 1,200 employees to  
9 Adobe's headcount. The new employees had to be integrated into our company. [REDACTED]

10

11 36. After Macromedia, Adobe continued to make acquisitions, including the  
12 acquisition of Navisware in 2005; TTF, Pixmantec, Interakt, Amicima, Serious Magic, and  
13 Antepo in 2006; Scene7 and Virtual Ubiquity in 2007; Meer Meer and Yawah in 2008; and  
14 Business Catalyst and Omniture in 2009. The most significant of these acquisitions was the  
15 acquisition of Omniture, which added approximately 1,100 employees. [REDACTED]

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17 I declare under penalty of perjury under the laws of the United States that the foregoing is  
18 true and correct. Executed this 9th day of November 2012 in San Jose, California.

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ATTORNEYS EYES ONLY

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Morris Declaration  
Master Docket No. 11-CV-2509-LHK